
HALDIMAND COUNTY

Report ENV-05-2023 Wastewater Contract Extension

For Consideration by Council in Committee on September 19, 2023



OBJECTIVE:

To obtain Council approval to extend the Wastewater Treatment Facilities Operations and Maintenance Contract with Veolia Water Canada.

RECOMMENDATIONS:

1. THAT Report ENV-05-2023 Wastewater Contract Extension be received;
2. AND THAT Memorandum ENV-M02-2023 Addendum to Report ENV-05-2023 Wastewater Contract Extension, be received and remain confidential;
3. AND THAT staff be authorized to amend and extend the Veolia contract to manage the Haldimand County Wastewater Treatment Plants, as outlined in Report ENV-05-2023;
4. AND THAT the contract be amended to add an Asset Maintenance and Improvement Manager to the Veolia staff complement with costs as identified in Closed Session Memorandum ENV-M02-2023;
5. AND THAT the contract be extended for a three-year term until June 30, 2027;
6. AND THAT the Mayor and Clerk be authorized to execute the contract documents for this amendment and extension.

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Respectfully submitted: Philip Mete, P. Eng., General Manager of Public Works Operations

Approved: Cathy Case, Interim Chief Administrative Officer

EXECUTIVE SUMMARY:

Veolia Water Canada entered into an Agreement with Haldimand County for the Operation and Maintenance Services of the County's Wastewater Facilities on June 18, 2014 as a result of a competitive bid process. Originally, the agreement listed seven licenced Operators who were required to operate and maintain the County's Wastewater Facilities. An additional operator was added to Veolia's staffing complement in 2020, due to the addition of pump stations and overall requirements to operate the facilities. Additional resources are still necessary due to the County's growth and increased requirements within the facilities, and the need to perform routine maintenance in order to prevent future non-compliance orders. Therefore, staff recommend that an Asset Maintenance and Improvement Manager (formerly known as Maintenance Lead Technician) be added to Veolia's staffing complement. The addition of this new position will allow more focus on the capital component of the contract, allowing Operators to focus on compliance and operations of the plants.

The existing contract allows for extensions if mutually agreeable to all parties. Staff considered re-tendering this work, however, with current market conditions and satisfactory performance from Veolia over recent months in all aspects of the requirements of the service agreement, staff negotiated a three-

year extension that addresses maintenance needs and is deemed fiscally responsible. The current terms and conditions of the existing contract will remain the same, except for the addition of the Asset Maintenance and Improvement Manager. At the end of the extension to June 30, 2027, Council will have the option to extend the contract for up to an additional seven (7) years or have staff re-tender the work.

BACKGROUND:

Veolia Water Canada (Veolia) operates Haldimand County's Wastewater Treatment Plants, lagoons and sanitary pump stations. The Service Agreement was awarded to Veolia through an RFP process which commenced June 30, 2014 and expires June 30, 2024. The current contract allows for extensions totalling ten (10) additional years.

Typically, if an extension does not include any amendments to a contract, staff can authorize the extension through delegated authority provided in the Council approved Procurement Policy. However, staff are also suggesting an amendment to the contract to formalize the addition of resources that allow for improved preventative and capital maintenance which in turn allows more focus on the equally important day to day operations, therefore a report is required. Confidential memorandum ENV-M02-2023 is being presented to Council in closed session so pricing is not divulged in the event that the Veolia contract is not extended and a competitive bid process is required.

ANALYSIS:

Staff have negotiated a three-year extension with Veolia that addresses maintenance needs and is deemed fiscally responsible. The terms and conditions of the existing contract will remain the same, except for the addition of a permanent Maintenance Lead Technician (name will change to Asset Maintenance and Improvement Manager) and associated costs. At June 30, 2027, the County will have the option to extend the contract for up to an additional seven (7) years or re-tender.

In early 2022 an assessment of the performance of the Wastewater Treatment Plant (WWTP) contract highlighted two areas requiring improvements - Capital Assets Repair and Maintenance and improvements to project delivery.

The four mechanical plants require continuous preventative maintenance. In the original contract, a resource specific to this maintenance was not identified by the County. This important aspect of asset management rested with the operators and/or to external contractors, and ultimately the expected results were not realized. The eight operators have been able to support day to day plant operations, but not to manage the medium and long-term capital maintenance requirements.

Additionally, the management of infrastructure improvement projects was the responsibility of the Veolia Contract Manager, who was sharing his time and priorities with the operations of the facility and budgetary responsibilities of the contract. The limited time availability of the Veolia Contract Manager was not sufficient to capture all the opportunities in scoping, quoting and delivering on all the plant improvement projects.

Veolia identified the need for greater preventative maintenance within the plants to protect the County's assets as well as allow more time on other key components of the contract such as plant operations and management activities. In October 2022 Veolia proceeded with recruitment and hired for the position of Maintenance Lead Technician. Veolia has piloted the position for the last 11 months, covering the costs within the existing fee structure and demonstrating the need/value of the position.

The Maintenance Lead Technician is providing documentation and structure to all the activities relating to repair maintenance and capital improvements in the wastewater plants of Haldimand County.

Detailed responsibilities of the position are:

- Ensure plants are running smoothly by:
 - Planning and performing regular preventative maintenance
 - Repairing assets as required, minimizing downtime
 - Oversee assets repair and maintenance performed by contractors
 - Manage spare parts inventory
- Improve future operation of the plants by:
 - Preparing long-term maintenance plans
 - Performing regular assets condition assessment
 - Proposing continuous improvement focused initiatives
- Contribute to plant improvements by:
 - Proposing asset improvement activities
 - Performing and/or managing capital improvement projects

The contract extension that has been negotiated includes formalizing the addition of this position into the permanent contract with the costs transferring to the County. Staff are supportive of this approach as the position has resulted in demonstrated improvements to the overall program. Veolia's performance of the contract has been satisfactory. Other than the addition of the above mentioned resource on a permanent basis, the contract terms and conditions remain unchanged. Staff recommend the 3 year contract extension with Veolia.

FINANCIAL/LEGAL IMPLICATIONS:

The breakdown of the budgeted costs related to the Asset Maintenance and Improvement Manager is provided in the closed Memorandum ENV-M02-2023. If approved the aforementioned memo will become a Public Memo.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: Yes

By-law: No

Budget Amendment: Yes

Policy: No

REFERENCES:

None.

ATTACHMENTS:

None.